



September 2001

Volume IX Issue VI

TRADE ISSUES

New Biotech Rules for U.S. Soybeans

China's biotech rules could hit U.S. soybean exporters hard. New rules would require labels on genetically modified crops and foods plus certificated verifying products are safe for humans and animals. About 63% of soybeans grown in the U.S. are bioengineered. More than half of China's soybean imports are from the United States. These rules would raise U.S. shippers' costs by \$50 per metric ton to label soybeans, obtain safety certificates and pay quarantine fees. *Source: The Kiplinger Agriculture Letter*

Japan-Mexico Free Trade Agreement

Japan and Mexico have agreed to form a private-public joint study commission to explore a free trade agreement. A Japanese Ministry of Agriculture, Forestry and Fisheries said a FTA with Mexico should be considered within the World Trade Organization framework because agriculture is a sensitive area.

Mexico Threatens Sanctions Against U.S. Goods

U.S. Trade Representative Zoellick assures Mexico that the administration will seek to stop a House-passed amendment in the Senate that would block Mexican trucks' access to the United States. Mexico's economy minister earlier threatened retaliation against U.S. goods especially high fructose corn syrup.

NAFTA Panel Faults Mexico on Dumping Duties

A North American Free Trade Agreement dispute settlement panel sides with U.S. exporters in faulting Mexico for imposing antidumping duties on high fructose corn syrup from the United States. The Chapter 19 Dispute Resolution Panel says Mexico must either terminate the duties and refund amounts already collected, or "thoroughly reconsider the basis for their decision, and establish legitimate grounds for the duties".

Record Almond Crops for 2001

California farmers are on pace to produce a record almond crop this year that could hit 850 million pounds - topping the record set in 1999 by 20 million. However, while California's crop has exploded due to increased planting of almond trees, the market has become glutted and prices are at a 20-year low.

Source: The Associated Press

UPCOMING EVENTS

California Department of Food & Agriculture's Sponsored Trade Events

CPMA 2002

January 30 – February 2, 2002 - Toronto, Ontario, Canada

Foodex 2002

March 12 – 15, 2002 - Tokyo, Japan

ANTAD 2002

March 15 – 18, 2002 – Guadalajara, Mexico

Food and Hotel Asia

April 9 – 12, 2002, Singapore

2002 US Food Export Showcase

May 5 – 7, 2002, Chicago, Illinois, USA

Food and Hotel China

September 3 – 6, 2002, Shanghai, China

Southeast Asia Buying Mission

October 22, 2001, San Francisco, CA

ADDITIONAL TRADE EVENTS

ORGANEX – London, United Kingdom

October 9-10, 2001

Contact: Amanda Newell, Tarsus Organex Ltd

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E-mail: amanda@organex.net

Web site: www.organex.net

Grocery Innovations Canada

October 21 – 23, 2001, Canada

Contact: Marilyn Bailey, Agricultural Marketing Specialist

US Embassy, Canada

E-mail: usagr4@istar.ca

U.S. Ag Sales to Cuba

January 30 – February 2, 2002

Cancun, Mexico

Contact: Monterey Bay International Trade Association

Tel: 831-469-0148



Secretary, William (Bill) Lyons, Jr.
 Undersecretary, Tad Bell
 Deputy Secretaries, Dan Webb, Valerie Brown
 Assistant Secretary, Vanessa Arellano
Agricultural Export Program Staff
 Elaine Trevino, Fred Klose, Juan Almanza,
 Joshua Eddy, Ken Brock,
 Suzanne Lashley, Beth Jensen,
 Machiko Watamori, Elisa Gonzales

TRADE ISSUES

Sugar Tariff-Rate Quota

USDA is soliciting public comments on the administration of the allocation of the specialty sugar tariff-rate quota (TRQ). USDA, in particular, needs comments regarding appropriate dates for announcing the refined sugar TRQ.

Quantity Trigger Levels

USDA has updated the quantity trigger levels for products that may be subject to additional import duties under the safeguard provisions of the Uruguay Round Agreement on Agriculture.

WTO Panel Issues Preliminary Ruling Against U.S.

A World Trade Organization dispute settlement panel issued a preliminary decision that found the United States failed to comply with an earlier WTO ruling condemning the U.S. foreign sales corporation (FSC) tax system as illegal under global trading rules. If upheld, expect the European Union to proceed with its request for WTO authorization to impose \$4 billion in annual trade sanctions on U.S. imports.

WTO Says Canada Not Complying With Dairy Ruling

A World Trade Organization panel rules in favor of the United States and New Zealand in a dispute over Canada's compliance with an earlier WTO ruling concerning Canadian government subsidies for milk used in exported dairy products. The panel rules that new provincial arrangements to comply with the WTO ruling against its Special Milk Classes Scheme continue to provide government-supported export subsidies.

South African Pear Tariff Reduced

Northwest pear canners are seeking a review of changes to trade regulations that gave South African canners duty-free access to the U.S. market earlier this year, according to www.harvest.net. Imports normally garner about 1% of the U.S. canned pear market. This season, South Africa had a small crop of canning pears, so large volumes were not available for export in 2000-2001, but there is widespread concern among Northwest canners over next season.

House Ag Committee OKs 10-Year, \$73.5 Billion Farm Policy Bill

The House Agriculture Committee approved legislation July 27 that will serve as the U.S. agricultural policy framework when it replaces the 1996 Freedom to Farm measure, which expires in 2002. The committee passed the "Agricultural Act of 2001" (H.R. 2646) by voice vote after working through a relatively small number of amendments July 26-27.

The bill's highlights include:

- It gives the secretary sole decision authority to combat outbreaks of plant and animal diseases with emergency funds, retain planting restriction of fruits and vegetables on base acres, provides an additional \$200 million in spending authority for surplus commodity purchases under Section 32, increases the Market Access Program (MAP) by \$110 million per year, and creates a Technical Assistance Specialty Crop fund to assist with trade barriers.

Cuba Export Rules Released

These rules clear the way for sales of food and ag commodities. The regulations implement a law enacted last October to loosen Cuba trade sanctions. Agricultural exports must be authorized by one-year licenses issued by the Treasury. For more information please visit: www.treas.gov/ofac/tlledit.html#07122011

MARKET UPDATES

Organic Foods - Rapid Growth

A growing interest in healthy eating, consumer concerns about and resistance to GMOs, and recent food scares such as BSE, will contribute to further rapid growth in organic food sales in the UK. A new Datamonitor report on the sector forecasts that organic food sales are set to total US \$4,135 million by 2005. The rate of growth of the UK organic sector is faster than any other European country. UK consumers are expected to become the largest consumers of organic food in 2005 with per capita expenditure set to total US \$69.5, well above the forecast European average of US \$42.

Agriculture Energy Incentive Program

The California Energy Commission is offering \$75 million in financial incentives to the agricultural industry for new energy-saving efforts. There are four basic categories of projects eligible for grants under this Program:

1. High efficiency electrical equipment/other overall electricity conservation efforts.
2. Pump efficiency testing and retrofit/repair
3. Advanced metering and telemetry
4. Retrofit of natural gas powered equipment to alternative fuels.

Applications are available by phone at 866-297-3029 or at: <http://www.energy.ca.gov/ag/index.html>.

Survey Reveals Weakening Opposition to GM Foods

Resistance to GM foods in Britain is weakening according to an NOP national survey. The study found that the percentage of the population that believes GM food is unsafe has dropped from 30 percent to 20 percent over the past 12 months. The survey was commissioned by CropGen, who feel the survey results reveals the changing attitudes of the public as the potential of genetically modified crops is recognized.

Source: The Grocer

Freight Forwarders Directory Now Available

USDA published a new online system to provide agricultural exporters easy access to information about freight forwarders. The new Directory of Freight Forwarders Serving Agricultural Shippers interactive database can be accessed at: www.ams.usda.gov/tmd/freight

MARKET UPDATES

Starbucks Likely to Expand Asia Plan

Specialty coffee purveyor Starbucks Corp plans to increase the number of shops it aims to open in Asia by 2003 from original 800 and envisions setting up in almost all Asian countries in the next five years. A precise number for planned shops has not been provided. Starbucks Coffee Korea will open 10 more shops this year in Korea, where real estate prices are similar to those of Japan and Hong Kong but much higher than those of U.S. cities. By end this year, Korea will have 32 Starbucks shops, including one to open in the southeastern city of Pusan which will be the world's largest. Starbucks and its Korean partner, Shinsegae Co Ltd, each invested half the \$15.71 million to set up Starbucks Coffee Korea in 1999. By 2005, Starbucks plans to run 150 shops across Korea, where coffee was introduced about one century ago.

Source: Reuters

Thailand's Bug Farming

Thailand's insect farming industry is estimated to be worth \$50 million a year as bugs are a staple of the nation's cuisine. Bugs have become big business there and bug hunters and bug farmers are kept busy supplying increasing demand from Bangkok, where two million natives of impoverished northeastern Thailand live, reported The Wall Street Journal.

Use of Corn on the Rise

The use of corn to make biodegradable products is on the rise. Products like: film wrap, food containers, fabrics, plates, forks, spoons, cups, etc. Several large firms will soon ramp up productions of such goods. Many environmental benefits include: Biopolymers do not emit toxic fumes when they are burned. Such crop-based products can also be recycled.

SPS/TBT NOTIFICATIONS AFFECTING AGRICULTURAL TRADE

Listed below are proposed changes in international agricultural, food and related standards as notified via the World Trade Organization. Interested parties may obtain a full text of any notification by faxing a request to Deborah A. Thompson, Food Safety & Technical Services Division in USDA/FAS at 202-690-0677.

Comment Deadline Date	FSTSD#	Product Covered	Country	WTO Type & #
9/30/01	01.0465	Importation of Plants and parts of plants	Morocco	SPS MAR/13
9/30/01	01.0484	Herbal Ingredient – Comfrey	Korea	SPS KOR/99
10/12/01	01.0077	Dry Beans	South Africa	TBT ZAF/7
10/15/01	01.0085	Organically produced apiculture products	Switzerland	TBT CHE/13
10/20/01	01.0485	Food Contact Materials & Articles	Korea	SPS KOR/101
10/23/01	01.0483	Poultry & Meat Products	New Zealand	SPS NZL/154
10/24/01	01.0486	Pesticides	Korea	SPS KOR/102
10/25/01	01.0487	Food Additives	Korea	SPS KOR/103
10/27/01	01.0082	Genetically Modified Food & Feed	European Union	TBT EEC/6
10/27/01	01.0083	GMO – Traceability & Labeling	European Union	TBT EEC/7
10/28/01	01.0473	Animal Husbandry and Breeding	Thailand	SPS THA/67
None Listed	01.0463	Plants & accompanying materials for exhibition events	Korea	SPS KOR/100
None Listed	01.0423	All Foods containing HVP	Malaysia	SPS MYA/10
None Listed	01.0422	BSE Free Beef & Beef Products	Australia	SPS AUS/131
None Listed	01.0459	Pig Meat Products	New Zealand	SPS NZL/153
None Listed	01.0462	Fresh/Frozen Meat of Domestic Birds/Brazil	Philippines	SPS PHL/32
None Listed	01.0080	Planting Materials and Seeds	Poland	TBT POL/1
None Listed	01.0421	Soy Sauce & Oyster Sauce	Australia	SPS AUS/130
None Listed	01.0454	Sudden Oak Death & Alder Disease	Korea	SPS KOR/98
None Listed	01.0456	Soy Sauce (high risk foods)	New Zealand	SPS NZL/152
None Listed	01.0358	Beef & Mutton Products	Singapore	SPS N/SGP/21
None Listed	01.0369	Plants & Organisms for Research	Slovenia	SPS SVN/10
None Listed	01.0374	Milk & Dairy Products	Chile	SPS CHL/81

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